

1 IN THE HOUSE

BY MCCOMBE

2

HOUSE BILL NO. 321

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the creation of the

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Alaska Lottery Authority and Lottery Fund;

8

and providing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. The purpose of this Act is to provide, through

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public contributions, funds which shall be used primarily for the

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benefit, care and protection of mentally retarded children in

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the state and to supplement the maintenance of the Alaska

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Pioneers' Homes.

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* Sec. 2. AS 43 is amended by adding a new chapter to read:

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CHAPTER 17. ALASKA LOTTERY AUTHORITY.

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Sec. 43.17.010. ALASKA LOTTERY AUTHORITY. There is

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created within the Department of Revenue the Alaska Lottery

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Authority. The authority consists of five members appointed

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by the governor for overlapping terms of five years from

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among residents of the state, one member from the senate, and

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one member from the house of representatives. Appointments

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are subject to confirmation by a majority of the legislature

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in joint session. The terms of the legislative members shall

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run concurrently with their term of elected office. A mem-

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ber appointed to fill a vacancy occurring other than by

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expiration of a term shall serve for the unexpired term of

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the member he succeeds.

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Sec. 43.17.020. QUORUM. A majority of the authority

1 constitutes a quorum for the transaction of business.

2 Sec. 43.17.030. COMPENSATION AND EXPENSES. Members of
3 the authority receive no salary, but are entitled to per diem
4 and travel expenses authorized by law for members of other
5 commissions and boards.

6 Sec. 43.17.040. AUTHORITY STAFF. The authority shall
7 employ an executive director, and may employ other persons
8 necessary to accomplish its purpose. The authority may
9 delegate any of its powers to the executive director.

10 Sec. 43.17.050. POWERS AND DUTIES OF THE AUTHORITY.
11 The authority shall

12 (1) prepare a plan for encouraging public donations
13 to the lottery fund through the sale of tickets for drawings
14 which will determine the winners of prizes;

15 (2) promulgate regulations necessary to carry out
16 this chapter;

17 (3) supervise the sale of tickets and the draw-
18 ings;

19 (4) deposit in the lottery fund all proceeds from
20 contributions;

21 (5) use the proceeds in the lottery fund in con-
22 formity with the purposes of this chapter;

23 (6) make regular inspection of all places, devices,
24 and materials used in the conduct of drawings and make regu-
25 lar inquiry into the conduct of drawings to determine whether
26 correction or improvement is needed in any phase.

27 Sec. 43.17.060. LOTTERY FUND. There is created in
28 the state treasury the lottery fund. Proceeds from the sale
29 of tickets for the drawings, from contributions, and from

1 other sources under the cognizance of the authority shall be
2 placed in the fund. Costs and expenses of the operation of
3 the authority and the drawings and the prizes awarded in the
4 drawings shall be paid from the fund.

5 Sec. 43.17.070. CONDUCT OF DRAWINGS. (a) The
6 authority shall hold three or more drawings in each calendar
7 year. Tickets shall be put on sale at least three months
8 before each drawing, and shall be sold until as near the time
9 of the drawing as sound administration permits. The sale
10 price of each ticket is \$5. Tickets are not transferable.
11 The authority shall take proper precaution to prevent dupli-
12 cation, counterfeiting, or other misuse of the tickets.
13 Tickets may not be sold outside the state.

14 Sec. 43.17.080. SALE OF TICKETS. (a) The authority
15 shall appoint as a ticket seller any person who applies and
16 who

17 (1) is at least 19 years of age;

18 (2) files a bond or offers other security in an
19 amount sufficient to cover tickets he receives from the
20 authority for sale to the public, to be in no case less than
21 \$500;

22 (3) has resided in the state for at least one year;

23 (4) has been convicted of no crime involving moral
24 turpitude;

25 (5) has not lost his appointment for misuse.

26 (b) The authority shall supply to each seller in the
27 state the number of tickets requested by him. However, it
28 shall not permit the seller to have in his possession tickets
29 having an aggregate face value greater than the bond or

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security posted by the seller.

(c) The authority shall specify by regulation the amount of commission which sellers are entitled to for selling tickets. The commission shall not be set at a rate higher than necessary to induce a sufficient number of persons in the state to become sellers. Each seller shall remit the proceeds of ticket sales to the authority by secure means not less than once a month.

(d) The authority may cancel the appointment of a ticket seller, after a hearing held in accordance with the Administrative Procedure Act (AS 44.62), for a violation of this chapter or a rule or regulation promulgated under it, or if the seller loses or is shown not to have had any one of the requisite qualifications.

(e) The authority may waive the requirement for bond, as provided for in (a)(2) of this section, if the ticket seller is a charitable organization, an established nonprofit organization, or a public body.

Sec. 43.17.090. ACTION ON BOND OR SECURITY. The authority shall bring an action on the bond of a seller or foreclose on the security provided by him if tickets supplied to him or money received by him for the tickets have not been received in due course and it appears that they will not be received. If, after forfeiture of the bond or security, tickets are returned within six months, the authority shall make an appropriate refund. It shall bring any other action necessary to protect the fund and shall make any arrangements or adjustments with ticket sellers that fairness requires.

Sec. 43.17.100. MINORS INELIGIBLE FOR PRIZES. A

1 ticket seller shall not sell a ticket to a person who is
2 younger than 19 years of age. A person who is younger than
3 19 years of age is not eligible to receive a prize. In the
4 event that a winning ticket is held by such a person, the
5 purchase price of the ticket shall be refunded to him and
6 the prize money treated in the same manner as the portion of
7 proceeds not paid out as prizes.

8 Sec. 43.17.110. PROCEEDS OF THE DRAWING. One-half of
9 the proceeds of the drawing shall be paid out as prizes in
10 individual amounts determined by the authority. Each prize
11 shall be at least \$500 but no prize shall exceed \$25,000.

12 Sec. 43.17.120. FAIRNESS. The authority shall adopt
13 regulations which minimize the possibility of unfairness or
14 corruption in the drawing. It may at any time terminate
15 sales for a particular drawing, call off a drawing, and re-
16 fund the money of purchasers, or take any other appropriate
17 steps if there is a possibility that the drawing will not be
18 fair. The authority may request the attorney general to
19 seek an injunction or bring a criminal action against a per-
20 son who violates a provision of this chapter or regulation
21 promulgated under it.

22 Sec. 43.17.130. VIOLATIONS. (a) A person who cor-
23 ruptly influences the outcome of a drawing or who attempts to
24 do so, is guilty of a felony, and upon conviction is punish-
25 able by a fine of not more than \$25,000, or by imprisonment
26 for not more than five years, or by both.

27 (b) A person who violates any other provision of this
28 chapter or a regulation of the authority is guilty of a
29 misdemeanor and is punishable by a fine of not more than

1 \$5,000, or by imprisonment for not more than one year, or by
2 both.

3 * Sec. 2. AS 11.60 is amended by adding a new section to read:
4 Sec. 11.60.065. EXCEPTION. Secs. 10 - 60 of this
5 chapter do not apply to drawings held by the lottery author-
6 ity established and conducted under AS 43.17.

7 * Sec. 3. Within 30 days after the effective date of this Act
8 the governor shall appoint the Alaska Lottery Authority. At the
9 time of these appointments, the governor shall designate which
10 members have been appointed for the terms of service provided by
11 AS 43.17.010. Within 14 days after the last of the original appoint-
12 ments have been made, the authority shall meet and organize.

13 * Sec. 4. This Act takes effect on the day after its passage
14 and approval or on the day it becomes law without such approval.

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